

PRESS RELEASE

May 10, 2006

RE: UNITED STATES v. JOSEPH C. DETTELIS

United States Attorney Terrance P. Flynn announced that Joseph C. Dettelis, of 123 Bidwell Parkway, Buffalo, New York, was sentenced today by U.S. District Judge Richard J. Arcara to a prison term of 50 months for his conviction last December on 20 counts of aiding and assisting in the preparation of false tax returns, filing false claims with the IRS, and making false statements to the IRS.

Assistant U.S. Attorney Marie P. Grisanti and Patrick Pericak of the U.S. Department of Justice Tax Division, said Dettelis, 46, was a self-employed tax preparer who used the business name of "The Allentown Venture Center, Inc."

The prosecutors said Dettelis told several of his clients that he had found a loophole in federal tax law that made their wages "not taxable." Dettelis's scheme involved amending tax returns for prior years and deducting his clients' wages, thereby reducing the amount of tax owed to virtually zero. Penalties were imposed on some of Dettelis's clients as a result of his filing the false returns on their behalf, and some clients were audited by the IRS. One taxpayer was required to repay the IRS more than \$8,000 as a result of Dettelis's actions.

During today's three-hour sentencing proceedings, Chief Judge Arcara told Dettelis that his prison sentence was being increased because Dettelis committed perjury when he testified in his own defense at the trial. Federal Sentencing Guidelines provide for such an increase. The Judge also found that Dettelis used sophisticated concealment in committing the offenses. Chief Judge Arcara imposed a \$2,000 penalty assessment, because federal sentencing law mandates a \$100 assessment for each of the 20 felony counts of conviction. Dettelis will be on supervised release for three years after he completes his prison term. Chief Judge Arcara barred Dettelis from preparing tax returns for businesses and individuals during the period of his supervised release.

Chief Judge Arcara said that Dettelis's case was, "No simple case of tax evasion or tax fraud." The Judge also said Dettelis violated the trust of his clients, and noted that Dettelis charged his clients one third of the tax refunds they received. Based on these and other aggravating factors he cited, the Judge imposed a sentence four months higher than the sentence prescribed by the Sentencing Guidelines.

This case was the culmination of an investigation by the Internal Revenue Service, Criminal Investigation Division, under the direction of Special Agent in Charge Ann Marie Coons, and Treasury Inspector General For Tax Administration, under the direction of Special Agent in Charge Kevin J. McGlynn. The Department of Justice Tax Division assisted with the trial.